

ARLINGTON FINANCE COMMITTEE  
MINUTES OF MEETING  
TOWN HALL HEARING ROOM  
4/10/13

ATTENDEES:

Bayer*		Jenkins	White	McKenna*
DeCoursey	Connors*	Simmons	Gibian*	
Tosti*	Foskett*	Deyst	Ronan*	
Ferrara	Beck	Jones*	Deshler*	
Franclemont*	Howard*	Fanning*	Carman	Turkall*

\* Indicates present

VISITORS:

MINUTES of 3/27/13 approved as corrected. Unanimous

REC EF Lib/HumSer SubCom (Franclemont) requested reconsideration to revise the health insurance expense to adjust for the recent health insurance budget reduction.

VOTED to change the health insurance line to \$51,086 for a total expense of \$547,727 and a surplus of \$2,273. Unanimous.

RINK EF Lib/HumSer SubCom (Franclemont) requested reconsideration to revise the health insurance expense to adjust for the recent health insurance budget reduction.

VOTED to change the health insurance line to \$51,000 for a total expense of \$588,003 and a surplus of \$2,697. Unanimous.

SNOW&ICE: The Chair stated that after the latest revenue estimates, the Manager computed his budgets to exceed 3.5% somewhat.

VOTED to reduce the Snow and Ice budget to \$724,000.

CAPITAL BUDGET: Finances SubCom (Foskett) reviewed 2 recent adjustments to the capital budget, neither of which affect the tax rate. A \$200+ k MWRA loan was recently approved by the MWRA. The carrying cost will be covered by the W&S EF. A \$22k W&S expense increase will be covered by the antenna fund.

MM TECH REGIONAL AGREEMENT: Task force member Foskett reviewed recent meetings (Ref 1). The group considered a proposal for allocating capital expenses according to 3 variables: enrollment (50%), ability to pay(26%), equal payment (24%). The small town members did not like this option. Another proposal would allow new members pay for less than the full share of capital costs at first. Foskett does not like this. Complications would arise when departures and arrivals overlap. A proposal for associate membership was considered. The likelihood of an agreement seems remote.

ART 48 OVERRIDE STABILIZATION FUND: Tosti reported that the House W&M budget is more favorable to Arlington than the Governor's budget. The Manager and the FinCom Chair have agreed to increase their revenue estimates- Jones provided a balanced budget summary worksheet Ref (2). VOTED \$5,773,873 as shown on the worksheet. Unanimous.

SMALL BUDGET ADJUSTMENTS: VOTED to allow the Chair together with the Vice Chairs to approve last minute adjustments before the final report is prepared. Unanimous.

END OF YEAR TRANSFERS: Tosti will remind all appointing authorities to request final transfers by 5/16/13. The FinCom will meet 6/5/13 to consider these requests.

COMMITTEE: .The next mtg is 4/22 at 7:30 before Town Meeting. All members should review the new draft reports as they become available. The wrapup dinner will be in the Masonic Temple. Date to be arranged by email.

RESERVE FUND Balance: \$439,335

Peter Howard 4/11/13 Revised 4/13/13

cc FinCom Members, Town Web Site

Ref 1 Memo Foskett to FinCom MM Tech Regional Agreement Committee

Ref 2 Appendix C

[illegible][illegible]

VOTE SUMMARY-Budgets

#	Title	Date Heard	Date Voted	Amount	Vote Unlisted votes were unanimous
1	FinCom	2/20	2/20	11,656	
2	Board of Selectmen	3/4	3/4	366,482	
3	Town Manager	2/20	2/20	474,960	
4	Human Resources	3/27	3/27	268,461	
5	Information Technology	3/27	3/27	669,143	
6	Comptroller	3/11	3/11	412,592	
7	Treasurer	3/11	3/11	649,055	
8	Postage	3/4	3/4	170,510	
9	Assessors	3/4	3/4	273,461	
10	Legal	2/20	2/20	453,346	
11	Town Clerk	2/20	2/20	253,159	
12	Registrar of Voters	2/20	2/20	56,140	
13	Parking	3/11	3/11	112,913	
14	Planning	2/20	2/20	353,368	
15	Redevelopment Board Rental Buildings	2/20	2/20	10,800 253,069	
16	Zoning Board of Appeals	2/20	2/20	21,230	
17	Public Works	3/25	3/25,3/27	8,377,108	
17g	Street Lights				
				0	
18b	Police	2/20	2/20	7,199,322	
18c	Fire	3/4	3/4	6,429,446	
19	Inspections	3/11	3/11	403,096	
20	Education	3/20	3/20	47,675,113	14-1
21	Library	3/25	3/25	2,113,036	
22a	Health & Human Services	3/27	3/27	338,261	
22b	Veterans	3/27	3/27	342,413	
22c	COA	3/18	3/18	186,875	
23	Retirement	3/27	3/27	8,160,032	
24	Insurance	3/25	3/25	14,739,366	
25	Reserve Fund	3/27	3/27	750,000	=
W&S EF	Rev=Exp 19,026,431	3/27	3/27		
Rec EF	Rev 550,000 Exp 549,224	3/11	3/25		
Rnk EF	Rev 590,700 Exp 589,474	3/11	3/25		
COA EF	Rev 19,300 Exp 121,300	3/27	3/27	30,000	
Youth EF	Rev 518,262 Exp 516.665	3/18	3/18		

# memo

**Charlie Foscett**

To: Finance Committee  
From: Charlie Foscett  
CC:  
Date: 4/10/2013  
Re: Minuteman Regional Agreement Subcommittee Meeting 8 April 2013

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Comments: At the April 8<sup>th</sup> meeting differences among the members became clearer, brought out by the discussion of capital cost apportionment and the entry of new members to the agreement.

1. Bolton opposes the 1.5% fixed amount for all members (Arlington had previously proposed 2%)
2. Belmont probably does not like the "Combined Effort" component.
3. I personally do not like the discount for new members.
4. Several representatives: Belmont, Bolton, Needham and maybe others think there will never be agreement on modifying the agreement.
5. This led to a discussion of dissolving the agreement (although unanimous agreement is required for that as well).
6. One of the significant issues coming up is whether or not we should permit a 2/3 vote on bonding. This means that any Town that does not want to bond capital assets can be forced to by 2/3 of the members.
7. There was a detailed discussion on exit mechanisms, but the relationship to new members and the way stranded debt costs would be calculated was not considered and will have to be further evaluated.

Two pages of relevant material is attached. Your comments are welcome.

Charlie



## **PROPOSED CAPITAL APPORTIONMENT METHODOLOGY (April 8, 2013)**

### **Current Member Communities**

Building on the previous recommendations of the Regional Agreement Task Force and the Town Managers Capital Apportionment working group, the following methodology is proposed.

#### Variable 1: Student Enrollment Basis. 50%

- Based on 3 year rolling average enrollment by community

#### Variable 2: Chapter 70 "Combined Effort". 26%

- Based on a percentage of Combined Effort as determined by DESE normalized by the number of Minuteman students

#### Variable 3: Shared Capital Base Contribution Basis. 24%

- Each member community is responsible for 1.5% of annual capital costs.
- Currently 16 members = 24%

### **Transitioning into the Capital Obligation for New Member Communities**

The Regional Agreement Task Force recommended an escalating formula for new members in order to minimize the impact of joining a district with a large capital project in the MSBA pipeline. New members would be exempt from paying for debts of the district that were previously made.

Six year phase-in program to reach full participation in the annual capital assessment

- Year 1 – Responsible for 1.5% of capital costs under a Shared Capital Base Contribution

The shared Capital Base Contribution, Enrollment and Combined Effort factors will be calculated and phased in over 5 years as follows:

- Year 2 – 20% of apportioned debt
- Year 3 – 40% of apportioned debt
- Year 4 – 60% of apportioned debt
- Year 5 – 80% of apportioned debt
- Year 6 – 100% of apportioned debt

### **Departing Member Communities**

Responsible for balance of existing debt service based on the 3 year rolling average enrollment effective from the date of departure

### **Associate Membership (April 22, 2013)**

- Annual facility cost of 1.5% of capital costs under a Shared Capital Base Contribution
- Associate Membership reserves 5 student slots each year
- Tuition rate paid by an Associate member is established in accord with the DESE Chapter 74 Non-resident student tuition rate
- 10 year membership commitment required
- 4 year advance notice to terminate Associate Membership
- Eligibility Factors to be determined together with current members and current non members

## Superintendent's Recommended Capital Apportionment Formula

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	
1							50% ENROLLMENT - 34% CHAPTER 70 COMBINED EFFORT - 1.5% EACH MEMBER CBC											
2					ESCO Project - O/S Debt		Enrollment Basis				Chapter 70 - Combined Effort Basis			Capital Base Contribution Basis		TOTAL		
		TOTAL - FY14 Enrollment for Current Method Debt/Capital Assessment	FY14 Current Method Debt/Capital Assessment Share	*Current Method	*Allocated by Enrollment Method only **Enrollment (Oct 2012 only) with 5 min	Per Pupil Cost	TOTAL - FY14 Enrollment Debt/Capital Assessment	FY14 Debt/Capital Assessment Share	**Enrollment (Oct 2012 only) with 5 min	Per Pupil Cost	Combined Effort Capital Assessment Share	Chapter 70 - Combined Effort	Per Pupil Cost	Capital Base Contribution	Per Pupil Cost	New Capital Assessment	Difference (New Method - Current Method)	
3																		
4	Acton	20	5.38%	\$179,628	\$24,500	\$1,225	20	5.38%	\$77,564	\$3,878	3.36%	\$25,187	\$1,259	\$43,223	\$2,161	\$170,473	(\$9,154)	
5	Arlington	125	33.65%	\$1,122,672	\$153,123	\$1,225	125	33.65%	\$484,775	\$3,878	35.14%	\$263,241	\$2,106	\$43,223	\$346	\$944,361	(\$178,311)	
6	Belmont	31	8.34%	\$278,423	\$37,975	\$1,225	31	8.34%	\$120,224	\$3,878	9.15%	\$68,517	\$2,210	\$43,223	\$1,394	\$269,938	(\$8,485)	
7	Bolton	9	2.42%	\$80,832	\$11,025	\$1,225	9	2.42%	\$34,904	\$3,878	1.94%	\$14,568	\$1,619	\$43,223	\$4,803	\$103,720	\$22,887	
8	Boxborough	5	1.35%	\$44,907	\$6,125	\$1,225	5	1.35%	\$19,391	\$3,878	1.22%	\$9,163	\$1,833	\$43,223	\$8,645	\$77,902	\$32,995	
9	Carlisle	9	2.42%	\$80,832	\$11,025	\$1,225	9	2.42%	\$34,904	\$3,878	2.66%	\$19,908	\$2,212	\$43,223	\$4,803	\$109,059	\$28,227	
10	Concord	7	1.88%	\$62,870	\$8,575	\$1,225	7	1.88%	\$27,147	\$3,878	3.39%	\$25,428	\$3,633	\$43,223	\$6,175	\$104,373	\$41,503	
11	Dover	5	1.35%	\$44,907	\$6,125	\$1,225	5	1.35%	\$19,391	\$3,878	1.04%	\$7,817	\$1,563	\$43,223	\$8,645	\$76,555	\$31,648	
12	Lancaster	22	5.92%	\$197,590	\$26,950	\$1,225	22	5.92%	\$85,320	\$3,878	3.41%	\$25,545	\$1,161	\$43,223	\$1,965	\$181,037	(\$16,553)	
13	Lexington	53	14.27%	\$476,013	\$64,924	\$1,225	53	14.27%	\$205,544	\$3,878	14.93%	\$111,871	\$2,111	\$43,223	\$816	\$425,562	(\$50,451)	
14	Lincoln	5	1.35%	\$44,907	\$6,125	\$1,225	5	1.35%	\$19,391	\$3,878	2.02%	\$15,145	\$3,029	\$43,223	\$8,645	\$83,883	\$38,976	
15	Needham	27	7.27%	\$242,497	\$33,075	\$1,225	27	7.27%	\$104,711	\$3,878	7.83%	\$58,668	\$2,173	\$43,223	\$1,601	\$239,677	(\$2,820)	
16	Stow	25	6.73%	\$224,534	\$30,625	\$1,225	25	6.73%	\$96,955	\$3,878	4.87%	\$36,465	\$1,459	\$43,223	\$1,729	\$207,267	(\$17,267)	
17	Sudbury	15	4.04%	\$134,721	\$18,375	\$1,225	15	4.04%	\$58,173	\$3,878	3.87%	\$29,003	\$1,934	\$43,223	\$2,882	\$148,773	\$14,052	
18	Wayland	8.5	2.29%	\$76,342	\$10,412	\$1,225	8.5	2.29%	\$32,965	\$3,878	2.40%	\$17,945	\$2,111	\$43,223	\$5,085	\$104,544	\$28,202	
19	Weston	5	1.35%	\$44,907	\$6,125	\$1,225	5	1.35%	\$19,391	\$3,878	2.77%	\$20,720	\$4,144	\$43,223	\$8,645	\$89,458	\$44,552	
20	Total	371.5	100.00%	\$3,336,582	\$455,082		371.5	100.00%	\$1,440,750			\$749,190		\$691,560		\$3,336,582	\$0	
21							50%				26%			24%				
22																		
23	*Current Method based on 10/1/2012 actual enrollment data (with 5 minimum)																	
24	**Enrollment = Oct 2012 student counts (with minimum of 5 students) used for this analysis only																	
25	Project based on a 30 year pay back, \$80 mil, 40% reimbursement with a 3.5% interest rate; includes Feasibility Study																	
26																		
27	ESCO Project Debt Service allocated under current method - 100% Enrollment (minimum of 5 students)							Total Debt Service = (col. E)										
28								<u>\$455,082</u>										
29	Entry Method - Capital Allocation Model																	
30	Debt Service - Yr. 1		Enrollment	Combined Effort	Capital Base Con.													
31			50.0%	26.0%	24.0%	100.0%												
32	Bldg. project	\$2,610,000																
33	Feasibility Study	\$271,500																
34	Debt Service Yr. 1	\$2,881,500	\$1,440,750	\$749,190	\$691,560	-												

Ref 2

**APPENDIX C**  
**SUMMARY OF FINANCE COMMITTEE RECOMMENDATIONS**  
**FISCAL YEAR 2014**

**REVENUES**

<b>PROPERTY TAX DETAIL</b>	
FY 2013 levy limit	91,310,473
+2.5%	2,282,762
New growth	450,000
Debt exclusions (n/l Symmes)	2,711,495
Symmes debt exclusion (net of receipts)	307,130
less MSBA receipts	(1,615,914)
MWRA debt	5,593,112
<b>TOTAL PROPERTY TAX</b>	<b>101,039,058</b>

<b>SCHOOL REIMBURSEMENT DETAIL (MSBA)</b>	
Bishop	322,764
Brackets	347,518
Hardy	469,110
Peirce	476,522
<b>TOTAL EXEMPT RECEIPTS</b>	<b>1,615,914</b>
Ottoson (non-exempt)	858,859
<b>TOTAL EXEMPT RECEIPTS</b>	<b>2,474,773</b>

<b>LOCAL RECEIPTS DETAIL</b>	
Motor vehicle excise	3,750,000
Other excise - hotel	250,000
Other excise - meals	300,000
Penalties & interest	200,000
Payments in lieu of taxes	38,000
Fees	1,350,000
Rentals	618,000
Dept revenue - schools	150,000
Dept revenue - libraries	55,000
Dept revenue - cemeteries	300,000
Dept revenue - recreation	0
Other departmental revenue	0
Licenses and permits	1,384,000
Special assessments	0
Fines and forfeits	60,000
Investment income	50,000
Medicare Part D	0
<b>TOTAL LOCAL RECEIPTS</b>	<b>8,505,000</b>

<b>LOCAL AID ("CHERRY SHEET") DETAIL</b>	
<b>RECEIPTS</b>	
<b>Education</b>	
Chapter 70	9,768,439
Charter Tuition Assessment Reimbursement	65,458
<b>Offset Receipts</b>	
School Lunch Assistance	18,819
School Choice Receiving Tuition	0
<b>Total Education</b>	<b>9,852,716</b>
<b>General Government</b>	
Additional Assistance	0
Total unrestricted gen'l gov't	6,416,909
Annual Formula Local Aid	0
Veterans' Benefits	211,961
Exemptions: Vets, blind, Elderly, etc.	167,052
<b>Offset Receipts</b>	
Public Libraries	41,747
<b>Total General Government</b>	<b>6,837,669</b>
<b>Total Estimated Receipts</b>	<b>16,690,385</b>
Ch 70 add from SFSF	0
School Construction (MSBA, inc OMS)	2,474,773
<b>Local Aid Receipts inc MSBA</b>	<b>19,165,158</b>
<b>ASSESSMENTS</b>	
<b>State Assessments and Charges</b>	
Retired Employee's Health Insurance	0
Air Pollution Districts	14,843
Metropolitan Area Planning Council	13,835
RMV Non-Renewal Surcharge	51,480
<b>Total Assess. &amp; Charges</b>	<b>80,158</b>
<b>Transportation Authorities</b>	
MBTA	2,745,433
Boston Metro. Transit District	847
<b>Total MBTA Assessment</b>	<b>2,746,280</b>
<b>Annual Charges Against Receipts</b>	
Special Education	587
<b>Total Annual Charges</b>	<b>587</b>
<b>Tuition Assessments</b>	
School Choice Sending Tuition	0
Charter School Sending Tuition	245,818
<b>Total Tuition Assessments</b>	<b>245,818</b>
<b>Total Estimated Charges</b>	<b>3,072,843</b>
<b>NET LOCAL AID</b>	<b>13,617,542</b>

**APPROPRIATIONS**

<b>BUDGETS (Article 31)</b>	
<b>APPROPRIATIONS</b>	
3 Town Manager	474,960
4 Human Resources	268,461
5 Information Technology	669,143
10 Legal	453,346
14 Planning & Comm. Dev't	353,368
15 Redevelopment Board	263,869
17a DPW - Admin.	254,077
17b DPW - Engineering	137,450
17c DPW - Cemeteries	224,625
17d DPW - Prop. / Nat. Resources	1,538,709
17e DPW - Highways / Sanitation	5,569,504
17f DPW - Motor Equip. Repair	375,043
17g DPW - Street lighting	253,700
18a Pub Safety - Admin	0
18b Pub Safety - Police	7,199,322
18c Pub Safety - Fire	6,429,446
18d Pub Safety - Support	0
19 Inspections	403,096
21 Libraries	2,113,036
22a Health & Human Services	338,261
22b Veterans Services	342,413
22c Council on Aging	186,875
<b>Total Town Manager</b>	<b>27,848,704</b>
<b>Board of Selectmen</b>	
2 Selectmen (n/l elections)	282,567
6 Comptroller	412,592
13 Parking	112,913
16 Zoning Board	21,230
<b>Total Selectmen</b>	<b>829,302</b>
<b>Town Clerk</b>	
11 Town Clerk	253,159
12 Board of Registrars	56,140
<b>Total Town Clerk</b>	<b>309,299</b>
<b>Retirement</b>	
Pensions - contributory	8,052,909
Pensions - non-contrib	107,123
<b>Total Pensions</b>	<b>8,160,032</b>
<b>Fixed Budgets</b>	
24 Insurance	14,739,366
8 Postage	170,510
2b Elections (Selectmen)	83,915
25 Reserve Fund	750,000
<b>Total Fixed Budgets</b>	<b>15,743,791</b>
1 Finance Committee	11,656
7 Treasurer	649,055
9 Board of Assessors	273,461
20 School Budget	47,675,113
<b>TOTAL BUDGETS</b>	<b>101,500,413</b>

<b>WARRANT ARTICLES</b>	
<b>TOTAL BUDGETS</b>	
31 Total Budgets	101,500,413
33 Capital Plan	9,831,310
<b>OTHER WARRANT ARTICLES</b>	
29 Collective bargaining	89,000
30 Positions reclassification	9,092
34 Minuteman Regional School	3,336,935
37 Commission on Disabilities	3,000
37 Historic District Commission	5,100
37 Historical Commission	2,160
37 Human Rights Commission	4,500
37 Recycling Committee	3,000
37 Tourism & Econ. Development	2,225
38 Flags on graves of veterans	4,500
38 Veteran's, Mem., Patriot's Day	5,667
39 Indemnification, medical costs	11,071
39 Legal defense	0
40 Water bodies (Cons Comm)	50,000
41 Mass Ave / Rt 60 eminent domain	0
42 Electronic voting equipment	10,000
43 Community Service program	7,500
44 Historic site signage	20,000
45 Uncle Sam statue	2,000
47 Retiree health insurance (OPEB)	847,877
STM3 Visitors' Center	25,000
<b>TOTAL OTHER ARTICLES</b>	<b>4,438,627</b>
<b>TOTAL WARRANT ARTICLES</b>	<b>115,770,350</b>

**ENTERPRISE FUNDS**

<b>A. WATER &amp; SEWER</b>	
Budget	3,642,859
Capital	2,035,790
Assessment	12,260,084
Indirect charges	1,087,698
<b>Total Expenses</b>	<b>19,026,431</b>
<b>Total Revenues</b>	<b>19,026,431</b>
<b>Net Increase (Decrease)</b>	<b>0</b>

<b>B. RECREATION</b>	
Budget	547,727
Capital	0
<b>Total Expenses</b>	<b>547,727</b>
<b>Total Revenues</b>	<b>550,000</b>
<b>Net Increase (Decrease)</b>	<b>2,273</b>

<b>C. VETERANS' MEMORIAL RINK</b>	
Budget	505,003
Capital	83,000
<b>Total Expenses</b>	<b>588,003</b>
<b>Total Revenues</b>	<b>590,700</b>
<b>Net Increase (Decrease)</b>	<b>2,697</b>

<b>D. COUNCIL ON AGING TRANSPORTATION</b>	
Budget	121,300
<b>Total Revenues</b>	<b>91,300</b>
From general fund	30,000
<b>Net Increase (Decrease)</b>	<b>0</b>

<b>E. YOUTH SERVICES</b>	
Budget	516,656
<b>Total Revenues</b>	<b>398,262</b>
From general fund	120,000
<b>Net Increase (Decrease)</b>	<b>1,606</b>

<b>ENTERPRISE FUND SUMMARY</b>	
Budget	5,333,545
Capital	2,118,790
Assessment	12,260,084
Indirect charges	1,087,698
<b>Total Expenses</b>	<b>20,800,117</b>
<b>Total Revenues</b>	<b>20,656,693</b>
Total from general fund	150,000
<b>Net Increase (Decrease)</b>	<b>6,576</b>

**SUMMARY**

<b>SUMMARY OF REVENUES</b>	
Property Tax Levy (n/l Symmes)	101,039,058
Local Aid Receipts n/l MSBA	16,690,385
MSBA receipts	2,474,773
Local Receipts	8,505,000
Overlay reserve (Art 50)	200,000
Override stabilization fund	0
Building insurance fund	0
Use of free cash (Art 53)	3,411,528
<b>TOTAL REVENUES</b>	<b>132,320,744</b>

<b>SUMMARY OF EXPENDITURES</b>	
Town budgets	53,825,300
School budget	47,675,113
Capital plan	9,831,310
Warrant articles	4,438,627
Youth Services subsidy	120,000
C of A Trans subsidy	30,000
MBTA assessment	2,746,280
MWRA debt service	5,593,112
Educ. & Library offset receipts	60,566
Charter/choice tuitions	245,818
Other state assessments	80,745
Reserve for court judgements	100,000
Symmes urban renewal	100,000
Snow & ice deficit	900,000
Overlay reserve	700,000
Long term stability fund (Art 49)	100,000
Override stabilization fund (Art 48)	5,773,873
<b>TOTAL EXPENDITURES</b>	<b>132,320,744</b>
<b>REVENUES LESS EXPENDITURES</b>	
	<b>0</b>